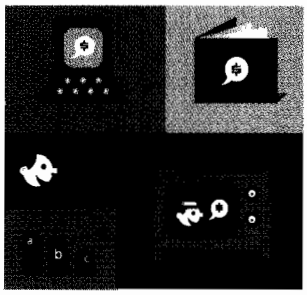
Netwatch By Jim Carroll

Your guide to business & accounting on the Internet

Rethinking partnerships

For as long as there has been an accounting profession, there have been partnerships. Indeed, the legal partnership entity has been at the foundation of the profession for many years. It defines the structure of the training at the core of our accreditation and the methodology behind many of our professional activities.

Yet one must wonder whether this ponderous, creaky structure that often presents management, political and structural challenges will suffice into the future. Our profession, like every other, faces an upcoming skills crisis, increasing complexity and ever more rapid demands for change. Can partnerships survive this upheaval?



Looming large is the emerging wave of retiring baby boomers, a trend that will remove a huge amount of useful knowledge and skills from the profession. I expect the traditionally accepted retirement age of 55 will soon be retired and more firms will form some type of unique relationship with these senior professionals.

Adding to the challenge will be the difficulty in recruiting new graduates for long-term career positions, given that the younger generation has a different concept of career and work/life balance. Many don't subscribe to the concept of a traditional career; they are hyperactive and multi-active, with surveys showing they desire a career full of twists and turns. A lifetime commitment to a legal entity might not be in the cards for them.

Then there's the reality of constant change within the industry. Who would have dreamed a few years ago that internal controls and compliance issues would have blossomed into a billion-dollar line of business for professional services firms? Do any of us really know what might come next, and what sort of structure might be necessary to respond?

Last but not least, rapid knowledge growth and hyper-innovation is leading to a world in which accountants' skills are becoming more specialized. Today, the profession has countless specialties — business valuators, forensic accountants, tax professionals, SOX experts and others. In the future, our profession will splinter into dozens more diverse specialties. How does a partnership survive when it becomes so fragmented?

The traditional structures that have defined our profession will become unwieldy. One might argue the future belongs to the small, nimble, quick-to-react boutique firms that have sprouted up in the past few years. Clearly, our profession is assembling into new structures to match client expectations.

Yet, the flip side is that in this massively interconnected global economy, boutique firms don't have the scale and scope necessary to support all professional endeavors. They can support very specific niche needs, but our client requirements often go beyond that.

What does it all lead to? A gradual and inevitable decline in the major global professional firms, with a rapid growth of the boutique entities. We will see the latter redefine the concept of partnership to be short term and project specific. Boutique firms will develop a culture that allows them to form a temporary partnership with other boutiques globally, simply to serve a particular client need. At the end of the project, the partnership will dissolve, perhaps to reform with some other project.

The major firms will continue to fragment into dozens of specialties, each able to support temporary global partnerships on an as-needed basis — perhaps even partnering with their own competitors.

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Not Your Parents' Workplace
www.thefabricator.com/Articles/Stamping_Article.cfm?ID=1056

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www.bbmcareerdev.com/gen_y.html

The Baby Boomer Generation
www.aginghipsters.com